

RA5

Background Memorandum City of Milpitas Senior Housing Project

**Subject: Update and Status Report on Senior Housing Project at 163 N. Main Street for
July 5, 2005 City Council Meeting**

Background: Since the City Council previously reviewed the proposed Senior Housing Project in November 2004, several developments have taken place in regards to the project. This memorandum serves as an update of the status of the project. With regards to the development of the project since last year, there are four major items addressed: 1) Site Development Plan, 2) Extension of the Negotiation Agreement, 3) Update on the Proposed Costs of the Senior Housing Project, and 4) Proposed Naming of the Senior Housing Complex.

Proposed Site Development Plan

City staff and Mid-Peninsula are recommending a construction of a 4-story building that would include 104 affordable senior housing units and the on-site preservation and relocation of the DeVries/Smith House. The proposed site plan that has been developed since the Council's last review of the site plan alternatives includes 1-studio unit (460+ sq. ft.), 89-one bedroom units (580 sq. ft), 9-2 bedroom units (870 sq. ft.) and 1 Manager's Unit (1,000 sq. ft.) The balance of three units (approx: 1,300 sq. ft combined) will be located on the second floor of the DeVries/Smith House. All new units will have full kitchens. Rents are targeted for extremely low and very low-income seniors earning 25% to 40% of the area median income. This translates to affordable rents in the range of \$462-\$760/per month for one bedroom units and \$535-\$893 for two bedroom units. Tenants will also be responsible to pay for utilities.

As directed by the Council, Mid-Peninsula will be preserving and incorporating the historic DeVries/Smith House into their project. Besides major structural improvements, it is proposed that the structure be moved southeasterly, where it will remain oriented on Main Street. A façade or view easement of the DeVries House would be retained by the Redevelopment Agency to maintain the structure's historical integrity.

Mid-Peninsula has requested to reduce the size of one unit (from a one bedroom unit to a studio unit) in order to accommodate a roof patio for the future senior residents. A total of 15,816 sq. ft. (5,580 at grade, 5,414 on podium and 4,500 on the roof) of common open space area will be provided in the project, including the entry courtyard that will be developed around the structure to create a setback from the main senior housing complex.

The project is tentatively scheduled to be reviewed by the Planning Commission at its meeting on July 27, 2005 and City Council/Agency review in August. It is estimated that the project will start construction in July 2006, and be completed in January 2008 for occupancy March 2008 (see attached development schedule in the Council's agenda materials).

Extension of Exclusive Negotiation Agreement (ENA)

The original ENA expired on November 16, 2004. Since that time the ENA has been extended three times to July 5, 2005. Although the last ENA extension enabled the Executive Director of the Agency (City Manager) to extend the agreement until August 31, 2005, staff wanted the City Council to receive an update and ask any questions about the project since an update has not occurred since September 2004. If the Council has no major issues with the project's progress and direction, the Executive Director can extend the agreement until August 31, 2005.

As stated above, it is anticipated that the final project design will be reviewed by the Planning Commission and City Council/Agency prior to August 31st. The reasons for the time extension include the on-going negotiations between Mid-Peninsula Housing and the County of Santa Clara regarding the adjacent Health Care Facility project. Mid-Peninsula Housing will be sharing a common driveway with the future County Health Care Facility. Mid-Peninsula Housing and the County have been negotiating for the past 6 months on regarding construction times, shared maintenance and costs of the driveway and the location of utility easements for the under-grounding of utilities to be located in the driveway.

Also, additional time is needed for the City and Mid-Peninsula Housing Coalition to address several issues including: 1) the under-grounding of utilities on-site, 2) renovations to the DeVries House, and 3) establishing revised property boundaries

Projected Costs of Senior Housing Project

Since the Council's previous review of the project, Mid-Peninsula Housing has informed staff of the estimated costs to construct the senior housing project, which have increased since negotiations began. The increased costs are related to three issues: 1) preservation of the DeVries/Smith House that will be incorporated into the senior housing project, 2) construction materials, and 3) expansion of the scope of work as requested by staff to include street improvements and utilities costs. At the time of the Council/Agency's review of the preliminary site plan in September 2004, the cost to renovate the DeVries House was estimated at \$1 million, but the total project costs were unknown. In addition, the total project construction costs have increased from \$113/per sq. ft. to \$125/per sq. ft.

The estimated total project cost is \$27.6 million (\$1.6 million for DeVries House and \$26 million for Main Building). The Council/Agency should be advised that pursuant to executed agreements, KB Home would be providing \$5 million and the County of Santa Clara \$1 million towards the project as their contribution to affordable housing. Staff is currently reviewing the worksheets from the Mid-Peninsula Housing consultants to verify the increased costs.

The estimated costs to the Milpitas Redevelopment Agency for the Senior Housing Project are:

• DeVries House	\$1,584,000
• Infrastructure/Impact Fees	\$4,918,000
• Senior Housing New Building	<u>\$8,705,000</u>
Total:	\$15,207,000

Mid-Peninsula's \$12 million share for the project will be funded by a 1st mortgage (\$2.5 million), Tax Credit Investor Proceeds (\$9.8 million), MPHC Equity (\$600,000) and the County Housing Trust Fund (\$500,000). It should be noted that part of the Agency's \$14.1 million costs are offset by the \$5 million contribution from KB Home and the \$1 million from the County. Thus, the Agency's direct obligation for the project is anticipated at \$9.6 million.

Naming of Senior Housing Project

To date, no name has been proposed for the new Senior Housing Project. Mid- Peninsula Housing has developed a list of four (4) names for the Council's consideration. Staff recommends that the proposed names be submitted to the Facilities Naming Committee to develop a recommendation to the City Council. The Committee may also wish to identify other names in their recommendation to the Council.

**Mid-Peninsula
Housing Coalition**

Memo

To: Staci Pereira, Assistant Planner, City of Milpitas
Felix Reliford, Principal Housing Planner, City of Milpitas
From: Mara Blitzer, ^{MB} Project Manager
CC: Fran Wagstaff, President, MPHC
Date: 6/20/05
Re: Name Suggestions for Milpitas Affordable Senior Housing at 163 North Main Street

As discussed, I am respectfully submitting several name suggestions for the proposed affordable senior housing at 163 North Main Street. The proposed development includes the new construction of 100-units in a 4-story building and the relocation and rehabilitation of the home first built by Dr. R. Smith in 1915 and later occupied by the F. DeVries family. The area immediately to the south of the house was once an orchard. Our selection of names reflects either the name of the previous owner or the previous use of the property.

The proposed names are:

- DeVries Court
- DeVries Place
- Orchard Court
- Orchard Place

We look forward to working with the City of Milpitas to select a name for the new development.

Milpitas Affordable Senior Housing Development ("Devries Village") Schedule

June 15, 2005 Draft

<u>Task</u>	<u>Duration</u>	<u>Start</u>	<u>Finish</u>	<u>Complete?</u>	<u>Notes</u>
Exclusive Right To Negotiate Lease/Purchase DDA		May-04	21-Jun-05		ENA thru June 21, 2005
EIR - Preparation and Certification		Jul-04	Jan-05	x	
Site Plan		May-04	Feb-05	x	
Schematic Design	3 months	Mar-05	May-05	x	
Application and award for Sobrato Fund	3 months	Apr-05	Jun-05	pending	Predevelopment Financing
DDA - site concept, project proforma, business deal points		Nov-04	May-05		Tied to entitlements achieved
Application and award for Housing Trust Fund of Santa Clara County	3 months	May-05	Jul-05	pending	Perm. Financing
Entitlements	4.5 months	Apr-05	Aug-05		depends on City turnaround for comments
Submit site plan, grading plan, elevations, demo plan		10-Jun		13-Jun-05	could drop off on Monday 13th
Comment Period for City agencies	3 weeks	1-Jul			3 weeks for City to review; no re-submit
PRCRC Meeting		1-Aug			No meeting in July
Planning Commission public hearing	3 weeks	27-Jul			2nd and 4th Wednesdays - can't do back to back meetings
City Council public hearing	3 weeks	16-Aug			1st and Third Tuesdays
RFP for General Contractor	2.5 months	20-Jun-05	18-Jul-05		
Design Development	3 months	Sep-05	Nov-05		
Value Engineering Review #1 at 100% DD			Dec-05		
Begin Construction Drawings	4 months		Jan-06		
50% Construction Drawings			Feb-06		
Value Engineering Review (Fred Holmes at 50% CDs) #2			Feb-06		
95% Construction Drawings and 3rd/Final Value Engineering Review			Mar-06		
Joint Trench Design and Contract from PG&E	6 months	Jan-06	Jun-06		submit with 100% DD
Application and award for 4% Tax Credits	2 months	Apr-06	May-06		Perm. Financing
Application and award for Bonds	2 months	Apr-06	May-06		Construction and Perm. Financing
95-100% CDs - Plan Check	3 months min.	Apr-06	Jun-06		
Submit evidence of financing, certificates of insurance to City			Jun-06		? What is City requirement?
Demolition Permit			Jun-06		try to get separate permit to advance House move
Grading Permit			Jun-06		try to get separate permit to advance House move
Building Permits			Jun-06		
Sign Construction Contract			Jun-06		
Close Construction (bond) Loan	3 months	May-06	Jun-06		
Start Construction	18 months		Jul-06		
Demolition of 4 buildings and grading; move DeVries house	1 month		Jul-06		
DeVries House foundation			Aug-06		
Limited Partnership Closing	3 months	Sep-06	Nov-06		
Podium Construction	6 months	Aug-06	Jan-07		
Wood Frame Construction	11 months	Feb-07	Dec-07		fire access required for site w/ wood
Construction Complete			Jan-08		(est. 8 months of construction next door) (est. 1 year of construction across street)
Initial Occupancy	2 months	Jan-08	Feb-08		
Permanent Loan Closing			Jun-08		threshold = 3 months at 90% occupancy
TCAC Cost Certification		Mar-08	Apr-08		
TCAC Placed in Service Application			Apr-08		
TCAC 8609s issued			Jun-08		
TCAC Regulatory Agreement			Jun-08		
Final Investor Pay-in			Aug-08		
1-Year Contractor Warranty Expires			Dec-08		

